

Verification Report for CAR 596 Coolgas India ODS Project 1

Climate Action Reserve

May 2010

**Prepared by: First Environment, Inc.
91 Fulton Street
Boonton, New Jersey 07005**



1. Introduction

This report is provided to Coolgas, Inc. (Coolgas) as a deliverable of the Climate Action Reserve (CAR) project verification process. This report covers the verification of the Coolgas India ODS Project 1 (the Project) for the period from March 27 through May 24, 2009. First Environment, Inc. (First Environment) conducted the verification from March 2010 to May 2010.

2. Objectives

The purpose of this verification was, through review of appropriate evidence, to establish that:

- the Project conforms to the requirements of the verification criteria discussed in Section 4 of this report; and
- the data reported are accurate, complete, consistent, transparent, and free of material error or omission.

3. Verification Scope

Specific scope metrics for the verification are outlined in the table below:

Geographic Boundaries	Entire chain-of-custody of destroyed ODS from production and storage in Rajasthan, India to destruction at the Clean Harbors Environmental Services Hazardous Waste Combustor in El Dorado, Arkansas, USA.
Greenhouse Gases Verified	Emissions reductions (expressed in units of carbon dioxide equivalents (CO ₂ -e)) resulting from destruction of CFC-12, an ozone depleting substance (ODS); Project emissions of CO ₂ from purchased electricity, fossil fuel combustion, and fugitive emissions of replacement refrigerants.
Reporting Period	March 27 through May 24 of 2009
Data Sources	Metered and monitored data, official documents and records, and emission reduction calculations.

4. Standards Used to Verify Emissions (Criteria)

The following table outlines the guidance and protocols used to conduct this verification:

Standard of Verification	Climate Action Reserve, Article 5 Ozone Depleting Substances Project Protocol - Destruction of Article 5 Ozone Depleting Substances Banks (Version 1.0, February 3, 2010) Climate Action Reserve Program Manual (March 16, 2010)
Verification Process	Climate Action Reserve, Article 5 Ozone Depleting Substances Project Protocol - Destruction of Article 5 Ozone Depleting Substances Banks (Version 1.0, February 3, 2010) Climate Action Reserve Verification Program Manual, June 2009
Level of Assurance	Reasonable assurance
Materiality	Misstatements greater than five percent of the Project's emission reduction assertion are considered material; Qualitative non-conformities with the verification criteria are also considered material.

5. Overview of the Verification Process

To review the Project's GHG information, the following verification process was used:

- conflict of interest review;
- selection of Audit Team;
- initial interaction and kickoff meeting with primary Coolgas contact;
- development of the verification plan;
- site visits – one to the destruction facility and one to the stockpile site in India;
- review and evaluation of raw data and calculations for period under review;
- follow-up interaction with Coolgas contact for corrective action or supplemental data as needed; and
- final statement and report development.

The verification process was utilized to gain an understanding of the Project's emission sources and reductions, to evaluate and verify the collection and handling of data, the calculations that lead to the results, and the means for reporting the associated data and results.

Conflict of Interest Review

Prior to beginning any verification project, First Environment conducts an evaluation to identify any potential conflicts of interest associated with the Project. No potential conflicts were found for this Project. First Environment also received determination of a low risk of conflict of interest from CAR in a notification dated March 9, 2010.

Audit Team

First Environment's Audit Team consisted of the following individuals who were selected based on their verification experience, as well as familiarity with ODS destruction projects.

Lead Verifier – Keith Dennis
Verifier – John Mosheim
Internal Reviewer – Jay Wintergreen

Audit Kick-off

The verification audit was initiated with a kick-off meeting on March 11, 2010 with the primary Coolgas contacts Jesse Combs and Joel French. The meeting focused on confirming the scope, schedule, objectives of verification, and data required for verification.

Development of the Verification Plan

The team formally documented its verification plan as well as determined the data-sampling plan. The verification plan was developed based on the discussion of key elements of the verification process during the kick-off meeting. Coolgas was afforded the opportunity to comment on the key elements of the plan for verification. Based on items discussed and agreed upon with Coolgas, the plan identified the First Environment project team members, project level of assurance, materiality threshold, and standards of evaluation and reporting for the verification. It also provided an outline of the verification process, established project

deliverables, and presented a data-sampling plan designed to review all project elements in areas of potentially high risk of inaccuracy or non-conformance.

Site Visit

Keith Dennis and John Mosheim conducted a site visit to the Clean Harbors Environmental Services hazardous waste combustion facility on March 26, 2010 to assess the Project's data management systems and interview personnel at the destruction facility relevant to the project. Keith Dennis conducted a site visit to the SRF Limited Chemical Plant (Factory) located in Rajasthan, India, as well as SRF Limited's corporate offices in Gurgaon, India, on April 12, 2010 to verify the point of origin of the CFC-12 (R-12); to assess the chain of custody of the substance as it was created, stored, and transported to the U.S.; to review key documents related to the project; and to interview key staff involved in the project. During the visit, First Environment reviewed QA/QC procedures, personnel training, and conformance with the requirements of the protocol.

Emissions Reduction Data and Calculation Assessment

This assessment used information and insights gained during the previous steps to evaluate the collected data and the reported emissions reduction quantities, and identify if either contained material or immaterial misstatements. The review also included an independent calculation of emission reductions based on raw data provided to corroborate the calculations.

Corrective Actions and Supplemental Information

The team requested corrective actions and clarifications during the verification process. Coolgas provided sufficient responses to the corrective action and clarification requests.

Verification Reporting

Verification reporting, represented by this report, documents the verification process and identifies its findings and results. Verification reporting consists of this report for Coolgas, a verification opinion, and a list of findings to be submitted to the Climate Action Reserve.

6. Project's Conformance with Verification Criteria

Project Description

The Project consists of importation of a virgin private stockpile of CFC-12 (R-12), an ozone depleting substance, from a SRF Limited factory in Rajasthan, India where it was produced and stockpiled, to the U.S. for destruction by incineration at the Clean Harbors Environmental Services facility in El Dorado, Arkansas. The project activity consists of the collection and destruction of ODS, resulting in a net reduction of CO₂ equivalent emissions. Coolgas purchased and imported five ISO tanks of R-12 from SRF Limited, each containing 15 metric tons of substance. The R-12 from the five ISO tanks was destroyed between March 27 and May 24, 2009.

Eligibility

The project involved the destruction of CFC-12 from a private stockpile that can be legally sold, an eligible category under the protocol. First Environment verified that the CFC-12 was from a private stockpile that could be legally sold during the site visit to the SRF facility through

interviews with SRF staff and through review of documentation including Government of India Ministry of the Environment and Forest Ozone Cell production quota documents, the agreement between India and the Executive Committee of the Multilateral Fund for the Accelerated CFC Production Phase-Out, and Applications for Removal of Excisable Goods for Export (ARE 1) forms signed by SRF and Indian government officials.

The project's start date was on March 27, 2009 when destruction of the ODS at Clean Harbors Environmental Services hazardous waste combustion facility commenced. First Environment reviewed the Certifications of Destruction for the five ISO tanks containing the ODS and confirmed their authenticity and accuracy to confirm the project's start date. The destruction took place over a period of less than 12 months. The project was submitted to CAR in February, 2010, which is within 12 months of the protocol's adoption per CAR requirements.

CFC-12 was phased out of production in India on August 1, 2008, as evidenced by an official agreement between India and the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol, which was reviewed by First Environment.

First Environment reviewed official importation documents verifying an importation date in March of 2009, which is after the production phase-out date for India per CAR requirements. Prior to importation in March of 2009, Coolgas submitted a voluntary pre-import notification to EPA. This submission was prior to 60 days from the effective date of the Protocol, as required by the Protocol. Additionally, Coolgas submitted the completed Entry Summary to U.S. Customs in March 2009, which is prior to the June 30, 2010 date required by the Protocol.

Per CAR requirements for projects with an export date prior to the Montreal Protocol mandated phase-out of January 1, 2010, a letter from the Ozone Secretariat was submitted to the Reserve to confirm that early production phase-out occurred. First Environment reviewed this document and confirmed that it had been submitted to CAR in conformance with the protocol.

Per CAR requirements, Coolgas submitted a voluntary pre-import notification to EPA on February 5, 2009, which is prior to the Effective Date of the Protocol. Coolgas also submitted a completed Entry Summary to U.S. Customs and Border Protection in March 2009, prior to the date required by CAR. First Environment reviewed both of these documents.

First Environment also reviewed documentation to verify that the project developer and GHG ownership are the same for all ODS destroyed (Coolgas is the project developer and owner for all ODS destroyed), that the qualifying destruction facility is the same for all Certificates of Destruction, that the destruction activities span a timeframe of no more than 12 months from commencement of the first ODS destroyed to completion of the last, and that no Certificate of Destruction is included as part of another project

The CFC-12 destroyed in this project originated in India, an Article 5 country, as required for eligibility under the protocol. First Environment confirmed that India is an Article 5 Country through review of the United Nations Environment Programme Ozone Secretariat's List of Parties categorized as operating under Article 5 Paragraph 1 of the Montreal Protocol.

The end fate of the ODS was destruction at Clean Harbor Environmental Services facility in El Dorado, Arkansas, which is an approved Hazardous Waste Combustor (HWC) subject to the Resource Conservation and Recovery Act (RCRA). First Environment reviewed Clean Harbor's permits and interviewed staff to verify that the facility meets CAR requirements.

First Environment reviewed Clean Harbor permit documentation, attestation documents, customs and importation documents, and interviewed staff at Clean Harbors. The review of permits and documents and the results of the interviews indicated that the Clean Harbors site was in material compliance and no material violations of permits occurred during the reporting period.

First Environment reviewed SRF attestation documents, customs and importation documents, and interviewed staff at SRF. The review of the documents and the results of the interviews indicated that the site was in material compliance during the reporting period.

In order to establish the project's eligibility under the CAR Protocol, First Environment also relied in part on the Project Developer's Attestation of Regulatory Compliance completed by Coolgas. First Environment reviewed this document during the verification process and confirmed that it was completed correctly.

Proof of Title

First Environment reviewed proof of ownership of the GHG reductions in the form of an attestation by SRF, signed by the company's CEO, and a purchase agreement between SRF and Coolgas for the CFC-12. Additionally, the CAR Project Developer's Attestation of Title has been completed by Coolgas and is on file with CAR. First Environment reviewed the Attestation of Title during the verification process and confirmed that it was completed correctly.

Additionality

In order to establish regulatory additionality, Coolgas has completed the CAR Project Developer's Attestation of Voluntary Implementation. First Environment reviewed this document during the verification process and confirmed that it was completed correctly. First Environment also reviewed a letter for the India Ozone Secretariat that indicates destruction of CFC-12 is not compulsory in India. Additionally, as required to pass the Protocol's Legal Requirements Test, The Agreement Between India and the Executive Committee of the Multilateral Fund for the Accelerated CFC Production Phase-Out does not require destruction of the CFC-12.

The Project meets the Performance Standard requirements of the Protocol. In addition to the eligibility assessment discussed above, First Environment reviewed the Project's Certificates of Destruction, verified point of origin, point of destruction, and project period duration to verify that the Project meets the project definition of the Protocol and passes the Performance Standard Test.

Project Performance against Protocol/Methodology and Project Management System

The Project was implemented in conformity with the CAR Protocol.

First Environment's Audit Team discussed the following topics with site staff during the site visits in March and April 2010 and confirmed the information during this verification process:

- the data collection process; and
- internal document and protocols that set guidelines for the data collection process.

Information gathered during these discussions was used to assess the Project's GHG information and its controls for sources of potential errors and omissions.

First Environment verified that Coolgas adequately documented the point of origin for the project and provided government documentation that the virgin ODS was produced prior to the production phase-out date in India. Over the course of the verification, First Environment reviewed several documents to verify the date and legality of production. These documents include government issued CFC production quotas, an independent audit undertaken by the Multilateral Fund for the Implementation of the Montreal Protocol, official excise and production records, and attestations of Coolgas and SRF.

Coolgas adequately documented the custody and ownership of the ODS throughout the entire project activity, from point of origin in India to final destruction. First Environment reviewed several documents to verify the chain-of-custody of the ISO tanks including purchase orders, customs documents, official importation, exportation, shipping documents, and bills of lading.

Coolgas adequately documented ODS quantification and quantity analysis requirements. The ODS weight was appropriately determined through weighing on scales calibrated in accordance with CAR standards at Clean Harbor's destruction facility. First Environment reviewed weight tickets and calibration records for the scales and interviewed staff to verify that the requirements of the protocol were met. Composition and concentration of the ODS was analyzed in accordance with the protocol. In addition, Coolgas provided adequate documentation of the chain-of-custody of the samples taken to analyze the content of the five ISO tanks. First Environment reviewed National Refrigerants Laboratory, Inc. analysis reports and shipping logs, and interviewed staff to verify that the requirements of the protocol were met.

First Environment reviewed operating conditions monitored during the destruction of the ODS for this project, including exit gas temperature, pressure, and carbon monoxide emissions and confirmed that the project meets CAR requirements related to ODS destruction efficiency.

First Environment reviewed the project's Monitoring and Operations Plan and determined that it meets the requirements of the CAR Protocol. First Environment also reviewed Certificate of Destruction information entered into the Reserve's software and confirmed its accuracy.

No variances were requested or approved for this project.

Emissions Reduction Calculation Assessment

As part of the emissions reduction calculation assessment, the Project's assumptions and calculations were reviewed. Emission reduction calculations were reviewed to ensure accuracy in the formulas used and the raw data used as inputs. The formulas were tested to ensure they were consistent with the calculation methodology described in the CAR Protocol.

Copies of the raw data used in the calculations, including weight tickets and sample analysis reports, were compared with the data used in the final calculations and tested for transcription or mathematical errors. All raw data sources and calculations over the entire verification period were reviewed. First Environment performed recalculations of emission reductions independently using raw data from primary data sources for the entire reporting period to assess whether the submitted calculations were free of material misstatement.

Calculations for baseline emissions were completed in accordance with the protocol. Coolgas correctly applied the global warming potential for CFC-12, used the appropriate standardized applicable baseline scenario 10-year cumulative emission rate of the refrigerant, and accounted for the results of the sampling analysis related to impurities.

Coolgas correctly calculated project emissions from substitute refrigerants. Coolgas used default project emissions from ODS destruction and transportation, which were also correctly applied and calculated.

7. Audit Results

Overall, Coolgas provided good documentation for its emissions estimates, as well as its procedures surrounding the data collection process, documentation of the point of origin of the CFC-12, and documentation of the chain-of-custody of the CFC-12. To complete the verification process, First Environment requested corrective actions and clarification requests. The responses given by Coolgas were sufficient to resolve the issues raised by the Audit Team.

Verified results show 683,087 metric tonnes of CO₂e from Vintage 2009 are eligible for registration with the Climate Action Reserve.

8. Verification Conclusion

Based on the assessments performed and the evidence collected, First Environment concludes that the Project GHG emissions reductions, due to the destruction of CFC-12 ozone depleting substance imported from India over the period of March 27 through May 24, 2009, can be considered with a reasonable level of assurance:

- consistent with the Project Methodology,
- without material discrepancy, and
- meeting the minimum level of accuracy of at least 95 percent.

Verified results show:

Reporting Period: 03/27/2009 and 05/24/2009	Total
Baseline Emissions (tCO ₂ e)	765,965
Project Emissions (tCO ₂ e)	82,878
Emissions Reductions (tCO ₂ e)	683,087

*as measured and calculated in accordance with the Project Methodology

9. Lead Verifier Signature



Keith Dennis, P.E., CEM, LEED-AP
Associate

10. Independent Internal Reviewer Signature

A handwritten signature in black ink, appearing to read "Jay Wintergreen", with a stylized, flowing script.

James T. Wintergreen
Senior Associate